

# McDowell & Rackner PC



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February 29, 2008

## VIA ELECTRONIC FILING

PUC Filing Center  
Public Utility Commission of Oregon  
550 Capitol Street NE  
Salem, OR 97308

**Re: Docket WJ 9**

Dear ALJ Petrillo:

This letter provides you with an update on the status of informal discussions among the parties on this docket.

After the most recent update in this docket on December 7, 2007, the certified water rights examiner and hydrogeologist engaged by the Rice Hill Owners Association, Inc. ("RHOA") examined the system. RHOA has not received the final report from the hydrogeologist, but expects to in the coming month.

RHOA did, however, receive some preliminary findings from the hydrogeologist. Most important of those findings is that well flow tests, which will determine the capacity of the four wells at issue, are most appropriately done during the driest part of the year. RHOA's hydrogeologist recommends conducting the flow tests in August or September to avoid overestimating the production potential of the wells. RHOA, the Rice Hill West Homeowners Association ("Association"), and Mr. Webb previously agreed that the capacity of the wells is unknown and that the capacity is critical to formulating agreements concerning the RHOA's and the Association's water systems.

RHOA, the Association, and Mr. Webb agree that the proceedings in this docket should not move forward while they are awaiting threshold information about the water systems. They plan to continue negotiations of a wholesale water supply agreement after receiving the results of the flow tests in August or September. The interim agreement between the parties is that RHOA will continue to provide water as it has been while the parties are waiting for the results of the flow tests or are negotiating an alternative agreement.

RHOA understands that given the lengthy delay in this docket and the changed circumstances since the petition was filed,<sup>1</sup> Commission Staff may have recommendations for

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<sup>1</sup> On October 31, 2006, Daniel Webb conveyed his interest in the water system serving the Association to the Association in a bargain and sale deed. The deed was recorded with Douglas County on June 8, 2007. Therefore, the Association is currently receiving water from RHOA and serving the Association's members. The parties have not agreed on how this change in facts affects the Commission's jurisdiction over either RHOA or the Association.

OPUC  
February 29, 2008  
Page 2

the parties on the procedural disposition of this docket. RHOA will discuss this issue with Staff and the parties, and either Staff or RHOA will make an appropriate filing in this docket.

Very truly yours,



Amie Jamieson

Enclosure

cc: Service List  
Romani Bechtold, President, Rice Hill West Homeowners Association

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**CERTIFICATE OF SERVICE**

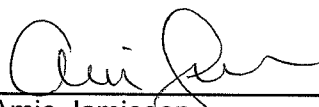
I hereby certify that I served a true and correct copy of the foregoing document in Docket WJ 9 on the following named person(s) on the date indicated below by email at his or her last-known address(es) indicated below.

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DATED: February 29, 2008.

  
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Amie Jamieson

Of Attorneys for Rice Hill Owners Association, Inc.